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NEWS RELEASE

October 4, 2006

Court Enters Judgment Against Out-of-State Broker ***Court imposed \$6,500 fine, ordered \$48,494.27 in restitution ...***

SALT LAKE CITY, Utah – Third District Court Judge Leslie A. Lewis entered a default judgment against Richard Frank Dambakly of Brooklyn, New York. Dambakly was found to have violated Utah's securities laws and was permanently enjoined from further conduct in violation of the law, particularly making cold calls into the state, soliciting brokerage accounts, and conducting securities transactions for Utah residents. The court imposed a fine of \$6,500 and ordered Dambakly to pay \$48,494.27 in restitution to the victims.

The Division of Securities filed a lawsuit in 2000 against Dambakly, his brokerage firm, R.D. White & Co., and 19 other brokers and officers of R.D. White. The state's lawsuit alleged that Dambakly and the other defendants manipulated the brokerage accounts of seven Utah customers and defrauded them of monies deposited into the accounts. These accounts held over \$560,000 of customer monies. The misconduct included:

- excessive trading (rapid buying and selling of securities to generate commissions for the firm and its brokers). The trading was so frequent, Dambakly's customers would have had to earn 38% returns on their investments just to break even;
- some brokers were conducting securities transactions in Utah without being licensed;
- receiving excessive compensation for some transactions. In two cases, Dambakly's compensation was over 19% of the purchase price; and
- failing to reveal hidden compensation the brokers were receiving directly from companies whose stock they were selling.

Since this lawsuit was filed, judgments have been obtained against all but two defendants. The lawsuit continues against those defendants.

Investors are urged to contact the Division to make sure anyone offering investments is licensed. 801.530.6600, or toll free at 1.800.721.7233. www.securities.utah.gov.